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Investors Testify How Rewald Courted Funds

By Charles Merriam
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Tell people they can't do something and they'll really want to do it.

That seems to be the philosophy Ronald Rewald used to get investors to put money into his company, according to testimony of the government's first group of witnesses.

One woman said she felt "privileged" that Rewald allowed her to hand him \$40,000.

"I felt like I was taking up his time," a young man said of his meeting with Rewald.

After all, the average investor in Bishop, Baldwin, Rewald, Dillingham & Wong was worth \$4 million and there was a two-year waiting list for investors, according to company brochures.

AT YESTERDAY'S session of the Rewald trial in U.S. District Court here, most of the prosecution witnesses told the same story: They were impressed by Rewald's operation and felt honored that he would accept their contributions.

A few of the lucky ones managed to get some of their money out, but most lost everything they invested when the company collapsed in 1983.

Rewald's fraud and perjury trial is moving swiftly because federal Public Defender Michael Levine rarely cross-examines the "investor" witnesses.

Rewald does not deny that he took money from investors. Deputy Federal Public Defender Brian Tamanaha told the jury during his opening statement. But Rewald did it to finance his CIA cover as a wealthy businessman, Tamanaha said.

ANOTHER WITNESS, Brad Kerwin, testified that he was hired by Rewald to set up a special "school" for Rewald's five children. Eventually, Kerwin decided to ask Rewald if he would accept some of his money to invest.

The 34-year-old teacher ended up losing his \$7,000 when the company collapsed.

But Kerwin's association with Rewald did have its high points.

Rewald had Kerwin develop an entire school program for five different grade levels so that Rewald's children would not have to attend public or private schools in Hawaii.

The "school," located in two apartments at the Mauna Luan condominium in Hawaii Kai, was staffed by Kerwin, two full-time teachers and several part-time teachers. The school had a computer. Rewald's children went on scuba diving field trips.

"Money was no object," Kerwin said. The one-year budget for the school was \$70,000, not including Kerwin's \$4,000-a-month salary.

KERWIN ALSO joined the Rewald family when it traveled to the Far East and Australia, he said. In 17 days, they visited Hong Kong, Taiwan, Tokyo, Tahiti, Australia and Indonesia. Kerwin remembered that they stayed in "very nice hotels, if not the best."

Rewald paid for everything, occasionally pulling out a wallet stuffed with \$100 bills, Kerwin said.

Also testifying was Dr. Gerald Wong, a dentist who ended up investing his company's \$35,000 pension fund.

He told the jury that when he sat in Rewald's office, he felt like "I had to virtually pass inspection" in order for Rewald to take his money. He lost that money — but there was one bright spot.

Rewald had advised him to sell a Big Island house and lot that belonged to the pension fund and then invest the money in Bishop, Baldwin. Wong didn't, and the pension fund was able to save at least \$68,000.

Clarification

Daniel J. Sutton, assistant manager of retail advertising for the Hawaii Newspaper Agency, is not the Daniel Sutton referred to in yesterday's Star-Bulletin story on the trial of Ronald Rewald.